

## THE PHASE OF COMMERCIAL CRISES 267

of assessment at a valuation which I have advocated is the genuinely appropriate process. My suggestion naturally applies to the investments of any body whose values also appertain to a lengthy future.

### NOTE.

The purpose of this chapter requires, perhaps, an explicit explanation. I have described the recurrent changes in trade which constitute the unfailing cycle of commercial experience ; and, upon that exposition, I have founded the suggestions that troublous times necessarily involve an approaching improvement; that periodical valuations of securities should be based upon the prices exhibited during a continuous series of eleven years ; and that the standard of typical prices of commodities (or Index Numbers) with which we compare the records of each year should consist of the average values prevailing during a term of that duration. It may be asked, however, why not rest the cyclical character of trade exclusively upon the actual and repeated experience of these returning changes ? My reply is, that throughout the book (and as its distinctive feature) I have endeavoured to trace the *causes* of events to their origin in permanent phases of human and physical nature in order to render the processes more intelligible by showing the constancy and ground of their occurrence; and, in pursuance of this practice, the present chapter presents the observed uniformities of material phenomena as the cause of fluctuating markets and prices, and the stable foundation, accordingly, of the suggestions which I have thus ventured to propose.